

Message Text

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ACTION EUR-12

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FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 9007

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AMCONSUL THESSALONIKI

LIMITED OFFICIAL USE ATHENS 4137

E.O. 11652: N/A

TAGS: EFIN GR

SUBJ: GREEK BALANCE OF PAYMENTS FINANCING: POSSIBLE NEW

EURODOLLAR LOAN

REF ATHENS 3780

1. EMBASSY HAS LEARNED THAT CREDIT LYONNAIS SYNDICATE WILL CONSIST OF ABOUT 8 TO 10 CO-MANAGERS, ALMOST ALL OF WHICH ARE U.S. BANKS (FIRST NATIONAL CITY, FIRST NATIONAL OF CHICAGO, BANKERS TRUST, CHASE MANHATTAN, MANUFACTURERS HANOVER, AND BANK OF AMERICA AMONG THEM). EACH CO-MANAGER WILL PROVIDE \$15 MILLION AND MAKE "GOOD FAITH" EFFORT TO LOCATE ADDITIONAL FINANCING. ORIGINAL AMOUNT SOUGHT BY GOG REPORTEDLY WAS \$300 MILLION, BUT EXPECTATIONS NOW ARE FOR APPROXIMATELY \$200 TO \$250 MILLION.

2. INTEREST RATE IS TO BE ONE AND THREE-QUARTER PERCENT OVER LONDON INTERBANK RATE, AS REPORTED REFTEL. IN
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ADDITION, COMMITMENT FEE AMOUNTS TO ONE HALF PERCENT AND

PLACEMENT FEE TO THREE QUARTERS PERCENT, MAKING EFFECTIVE ANNUAL YIELD OF NEARLY TWO PERCENT OVER LONDON RATE.

3. DURATION OF LOAN APPARENTLY REMAINS BONE OF CONTENTION. BANK OF GREECE SEEKING 7-YEAR REPAYMENT (INCLUDING TWO YEARS OF GRACE), BUT AT LEAST SOME CO-MANAGERS ARE INSISTING ON HOLDING THE LINE AT 5 YEARS.

4. U.S. BANKS ARE UNHAPPY WITH SELECTION OF CREDIT LYONNAIS AS LEAD BANK IN CONSORTIUM, SINCE PACKAGE OF THIS SIZE WAS BOUND TO BE HEAVILY RELIANT ON AMERICAN SUBSCRIBERS. ACCORDING TO TWO INDEPENDENT SOURCES, BANK OF GREECE OFFICIALS WERE CAUGHT BY SURPRISE BY PM CARAMANLIS' DECISION, APPARENTLY MADE DURING HIS PARIS VISIT, TO GIVE MANDATE TO A FRENCH BANK, AND WOULD THEMSELVES HAVE PREFERRED DEALING DIRECTLY WITH U.S. BANKS. CREDIT LYONNAIS IS ITSELF TAKING ONLY \$15 MILLION AND, ACCORDING TO OUR SOURCES, HAD HAD VIRTUALLY NO EXPERIENCE IN GREECE OR IN MANAGING A CONSORTIUM OF THIS TYPE. A HIGH OFFICER OF A MAJOR NEW YORK BANK VISITING ATHENS TOLD US HE THOUGHT THE AMERICAN PARTICIPANTS WOULD PROBABLY HAVE BEEN WILLING TO DOUBLE THEIR PARTICIPATION (I.E., TO \$30 MILLION EACH) IF U.S. BANK OR BANKS HAD BEEN MANAGERS.

5. HIGH OFFICIALS OF SEVERAL U.S. BANKS RECENTLY VISITING ATHENS HAVE REAFFIRMED TO EMBASSY THEIR FAVORABLE IMPRESSION OF GREECE'S STILL HIGH INTERNATIONAL CREDIT STANDING.
KUBISCH

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